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WHITE HOUSE FOR CEQ CHAIRMAN CONNAUGHTON

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SUBJECT: U/S DOBRIANSKY AND CEQ CHAIRMAN CONNAUGHTON
ADVANCE ENVIRONMENT, ENERGY AND HEALTH AGENDA IN OTTAWA
VISIT

1. (U) Summary: Under Secretary for Democracy and Global Affairs Paula Dobriansky and Council on Environmental Quality (CEQ) Chairman Connaughton visited Ottawa April 24/25 at the direction of the President and at the request of the Canadian Government to discuss a number of significant environment, energy and health issues. It was clear from both the tone and substance of their meetings that the new Harper government is anxious to improve relations with the U.S. and to cooperate on a broad range of bilateral and multilateral issues, including air quality, climate change, Devils Lake and other transboundary water issues, alternative energy development and avian influenza. Canadian NGOs also expressed interest in a continued dialogue on promoting democracy.

2. (SBU) Connaughton told Canadian interlocutors that the U.S. is committed to fulfilling commitments made on Devils Lake in the August 2005 press announcement. He noted that Governor Hoeven of North Dakota will make decisions on the operation of the Devils Lake (DL) outlet and that the U.S. would convene a meeting of Canadian and U.S. technical experts to choose among three options for an advanced filtration system at DL, with a decision expected by the end of May. Thereafter, the U.S. would proceed with design and installation work. He also emphasized the need for further scientific studies throughout the Red River Basin and Lake Winnipeg to determine whether biota found in Devils Lake are already present in Manitoba, and told Canadian officials that if species from the lake pose no risk, both sides should be prepared to "declare victory" and turn our attention to preventing the introduction of invasive species into the Red River Basin.

3. (SBU) Minister of Environment Ambrose signaled a major shift in Canada's climate change policy, indicating that the government would not negotiate new Kyoto targets and would not participate in the Clean Development Mechanism (CDM) of the Kyoto Protocol. Instead the government will pursue a "made-in-Canada" strategy aimed reducing greenhouse gas emissions. She expressed interest in working toward Canadian participation in the Asia Pacific Partnership for Clean Development and Climate (APP), a forum, she said, that operates on principles that the new Canadian government shares. Noting that President Bush and Prime Minister Harper discussed the APP in Cancun and agreed to have follow-up discussions in Ottawa, Under Secretary Dobriansky welcomed Canada's interest in the Partnership, and explained its objectives as well as its consensus procedures for expanding membership. End Summary.

4. (U) Key meetings during the visit of U/S Dobriansky and CEQ Chairman Connaughton included a breakfast with the

Ministers of Environment, Natural Resources and Foreign Affairs, an interagency discussion on Devils Lake hosted by the Department of Foreign Affairs and International Trade (DFAIT), a discussion with Minister of Environment Rona Ambrose and senior staff on climate change and air quality, a meeting with the Deputy Minister of Natural Resources on alternative energy issues, and a business roundtable. In addition, U/S Dobriansky met with senior Canadian health officials to discuss the way forward on avian influenza cooperation in the North American (SPP) context, and she engaged Canadian NGOs in a roundtable discussion on promotion of democracy.

Devils Lake

15. (SBU) Devils Lake was discussed in a number of meetings during the visit, with the most detailed discussion taking place at a meeting hosted by DFAIT on April 24. Peter Boehm, Assistant Deputy Minister (ADM) for North America was joined in the meeting by David McGovern, ADM for International Affairs at Environment Canada, as well as a representative from the Privy Council Office. Connaughton told Canadian officials that both governments are implementing the elements of the framework agreed to in August 2005. None of the original 13 species of concern to Canada and Manitoba were found in Devils Lake during jointly conducted biota studies last year. The U.S. has conducted an engineering study of advanced filtration systems for the DL outlet and has three options to choose from -- one involving ozone treatment and two using ultra violet (UV) light treatment. CEQ is convening a meeting of U.S. and Canadian experts to review the options, and hopes to have a decision on what type of advanced filtration system would be best. Once an option has been selected, the U.S. will pursue design and construction of the system. Obtaining funding for such a system will be

OTTAWA 00001323 002 OF 005

an important part of the effort, one that will require Congressional approval and, more specifically, cooperation from the North Dakota congressional delegation. Regarding Canadian questions about whether North Dakota would refrain from pumping water until an advanced filter is in place, Connaughton said that decisions on when to pump water rest with Governor Hoeven, who is governed in his decisions by the permit issued for the outlet. That permit has several restrictions based on water quality and water levels in the Sheyenne and Red Rivers. The USG, he said, does not have authority to stop the state from pumping when it operates under the terms of the permit.

16. (SBU) Connaughton emphasized that further scientific studies need to be undertaken as a matter of priority to solidify or modify preliminary conclusions about the lack of any current, significant risk to the Sheyenne and Red Rivers, as well as Lake Winnipeg, from biota in DL. The International Joint Commission (IJC) is being asked to undertake this task, through their Red River Board, including testing and monitoring in Manitoba. Funding these studies may cost on the order of \$200,000. Both governments will have to provide funding to the IJC for this effort. The CEQ Chairman also noted that if the studies further affirm no real risk, then both governments should recognize there is no need for an advanced filtration system and should be prepared to "declare victory" and move on. He told Canadian officials that neither country required this level of mitigation for domestic water transfers unless there was an identified risk -- and thus far, there is no identified risk at Devils Lake that would justify construction of the advanced filtration system. Alternatively, if a significant new risk is identified, he indicated Governor Hoeven already committed to immediately halting water transfers.

Climate Change and Air Quality

17. (SBU) Minister of the Environment Rona Ambrose and senior

staff from Environment Canada and the Privy Council Office hosted a working dinner on April 24 to discuss air quality and climate change issues. Ambrose made it clear that her government would not focus its efforts on meeting Kyoto Protocol targets, but would focus instead on reducing air pollution, counting on associated improvements in greenhouse gas emissions. She also told Dobriansky and Connaughton that Canada will not pursue negotiations under Art. 3.9 of Kyoto on a second round of greenhouse gas emissions commitments, nor would it participate in the Protocol's Clean Development Mechanism (CDM). She expressed interest in Canadian participation in the Asia Pacific Partnership for Clean Development and Climate (APP), noting that the government first needs to "get its house in order" by putting together a "made-in-Canada" solution to address climate change objectives. Dobriansky briefed the Minister in detail on developments in the APP, including the outcomes from the January launch in Sydney, Australia and a recent meeting in Berkeley, California. The U/S welcomed Canada's interest in APP and agreed that it would be useful for Canada to fashion its national approach to these issues and then see how it would fit into the APP context. Dobriansky noted that there was a process outlined in the APP charter for expansion, and that Canada, Indonesia and a few other countries might be good candidates for inclusion when the time is right.

18. (SBU) Ambrose explained her government's interest in adopting a "Clean Air Act" for Canada and said the government would shortly put forward legislation. She said that Canada could learn a lot from the experience of the U.S. and its success in reducing harmful air pollutants, specifically with regard to the use of cap and trade systems and other market-based measures. Connaughton highlighted significant improvements in air quality that would result from policy decisions, technology improvements and new regulations in the U.S. He noted that the Clean Air Interstate Rule and associated regulations would result in a 70 percent reduction in SO2 emissions from power plants in 28 states, a 60 percent reduction on NOx emissions and a 70 percent reduction in mercury emissions by 2015. He also explained that more stringent air quality standards, the removal of sulfur from diesel fuel and the introduction of new clean-burning diesel engines in the U.S. would dramatically improve air quality in the U.S. and ease the associated air quality concerns of Ontario and Quebec. Dobriansky and Connaughton repeatedly emphasized the need for "mass produced outcomes" in addressing both air quality and climate change issues. As an example, Connaughton noted that China's decision to improve

OTTAWA 00001323 003 OF 005

efficiency at its power plants by 20 percent by 2020 would have a huge impact on both air pollution and greenhouse gas emissions, dwarfing the impact of small and isolated projects such as those being considered under the CDM of the Kyoto Protocol. He also emphasized the need for focus on efforts that bring about improvements in air quality and greenhouse gas emissions on a profitable basis and those that have a net social benefit (such as demonstrable health benefits), rather than those that have a net social cost. U/S Dobriansky took the opportunity to reiterate the U.S. invitation for Canada to become a partner in the Coalition Against Wildlife Trafficking (CAWT), and noted the link between wildlife trade and public health. Minister Ambrose said they would explore membership.

Energy Discussions

19. (SBU) Clean and alternative energy programs: U/S Dobriansky and Chairman Connaughton discussed a range of U.S. clean energy programs, emphasizing the connection between energy security and sustainable development. At the Business Roundtable, Chairman Connaughton noted that there are considerable profits to be made in methane recapture, but it is up to governments to figure out how market forces can be

brought to bear, especially in countries such as China and India. One industry representative commented that the energy industry itself needs to embrace energy efficiency, for the sake of continued markets and the energy industry's own long-term interests. Chairman Connaughton observed that among other advantages of clean coal, the continued use of coal by the United States and Canada would take pressure off worldwide petroleum and natural gas supplies.

¶10. (SBU) At Natural Resources Canada, U/S Dobriansky and Chairman Connaughton discussed the relationship between energy security, economic growth, GHG mitigation, and pollution control with Deputy Minister Richard Fadden and other senior officials. The Deputy Minister noted that the GOC is trying to create a regulatory regime that consciously balances environmental concerns with economic growth. He also noted that there are many opportunities for U.S.-Canada cooperation in areas such as nuclear energy, clean coal, S&T coordination, liquefied natural gas (LNG) and streamlining of regulatory regimes. U/S Dobriansky emphasized the importance of cooperative S&T, observing that technology development is the core of U.S. clean and alternative energy programs. Deputy Minister Fadden remarked that clean coal must be shown to work in North America, commenting that it is up to the U.S. and Canada to prove that clean coal technologies are effective. Fadden also said that as a demonstration of the importance of continued U.S.-Canada energy cooperation, Minister of Natural Resources Gary Lunn himself would lead the Canadian delegation to next week's meeting of the North American Energy Working Group in Washington.

¶11. (SBU) Chairman Connaughton visited Iogen, an Ottawa-based company that is a leader in the development of cellulose ethanol. The visit was made in support of the President's Advanced Energy Initiative. Accompanied by CEO Brian Foody, the Chairman toured Iogen's laboratories, where the company manufactures enzymes that are used to break down plant fibers, as well as its extensive test facilities for fermentation and production. The company is finalizing plans for its first commercial bio-refinery likely to be in eastern Idaho, where Iogen has signed contracts to purchase barley and wheat straw from more than 300 farmers. Under Iogen's processes, each metric ton of plant fiber produces about 75 gallons of ethanol.

Avian Influenza

¶12. (U) U/S Dobriansky met on April 24 with Ian Shugart, Senior ADM at Health Canada, and with David Butler Jones, Chief Public Health Officer and head of the Public Health Agency of Canada, to discuss North American cooperation on avian and pandemic influenza. Dobriansky noted that President Bush and Prime Minister Harper had recently discussed avian influenza at their meeting in Cancun, focusing on the need for better coordination through the establishment of a trilateral mechanism on border issues related to North American responses to possible outbreaks of the disease. She told Shugart and Jones that she had been designated as the U.S. foreign affairs point of contact (POC) for the trilateral mechanism and that the health POC would be William Steiger, the Director of the Office of Global Health

OTTAWA 00001323 004 OF 005

Affairs and Special Assistant to the Secretary of Health and Human Services for International Affairs. Dobriansky asked about how the GOC would organize itself and when the three governments might be able to meet, suggesting the June 6/7 meeting of the International Partnership on Avian and Pandemic Influenza in Vienna as a good opportunity. Shugart said that the GOC is close to designating its POCs and alternates for the trilateral mechanism and should be ready for a meeting in Vienna.

¶13. (SBU) Dobriansky asked about GOC funding for avian influenza, and in particular, whether there would be any

change in the Canadian pledge given in Beijing as a result of the election in January. Shugart said the Beijing pledge was a summary of decisions already made to that point, and that the new government had not made decisions on large investments yet. However, contributions to organizations such as the WHO and FAO are being considered. The new government understands the importance of this issue, he said, noting that there was good cooperation between the several ministries involved -- health, agriculture, foreign affairs and public safety. The budget will be presented by the government on May 2 and may show more details of how avian influenza programs will be funded. Shugart expressed interest in asking the World Bank to report in Vienna on progress that has been made since Beijing. He noted that Canada was prepared to provide leadership on vaccines and that cooperation between Canadian and the U.S. authorities (FDA) on the regulatory approval processes was good. Dobriansky acknowledged Canadian interest in our national implementation plan for avian and pandemic influenza and promised to share the plan with Canada formally.

Promotion of Democracy

¶14. (SBU) U/S Dobriansky met with a number of leaders of Canadian NGOs and quasi-governmental organizations to share with them the U.S. vision of democratization in the world and to hear from them ideas of where the U.S. and Canada could better cooperate in the world. The organizations included the Forum of Federations, Canadian Foundation for the Americas (FOCAL), the Parliamentary Centre, Friends of Sudan, Peace Dividend Trust, Elections Canada, National Judicial Institute, and Pearson Peacekeeping Centre. The U/S laid out the U.S. vision for transformational diplomacy, good governance, and democratization, with both global and specific examples (e.g. BMENA, Forum for the Future, MEPI, Community of Democracies) of what we believe is working and where we can collaborate more closely. The Canadian representatives shared their views on a number of regional issues, suggesting that closer collaboration would help us to better advance our shared agenda in democratization and good governance. Haiti, on the one hand, is one of the best examples to date of consistent U.S.-Canadian cooperation over a sustained period of time, while Cuba is a place where Canada needs to work alone to have a positive impact. The Director of the Parliamentary Centre summed up the sentiment of the group when he asked if it would be possible to move beyond occasional ad hoc discussions with the U.S. to a more consistent dialogue as we seek to find synergy in our efforts to improve governance and strengthen democratic organizations around the globe. The group agreed that such a four-way dialogue between the USG, GOC, and NGOs from both countries would pay huge dividends for all the parties.

¶15. (SBU) Comment: This visit clearly reflected and contributed to a more cooperative relationship between the U.S. and the new Canadian government. Canadian ministers and their staffs went out of their way to make themselves available for meetings and to show their desire for closer cooperation on a broad range of issues, both bilaterally and in multilateral forums. We believe it was particularly helpful to clarify our position with regard to implementing our agreed framework from August 2005 on Devils Lake. We will have to remind the GOC of the importance of moving ahead quickly with further scientific studies and monitoring, particularly in Manitoba, to determine whether biota from Devils Lake pose a real risk or not. Discussions on air quality and climate change demonstrated that there are great opportunities for closer cooperation and sharing of U.S. experience, especially as the new government moves to draft and introduce new air quality legislation. And we urge Washington to be as forthcoming as possible with regard to Canadian interest in joining the APP. Minister Ambrose made it clear that her government sees the need for fashioning a "made-in-Canada" approach to air quality and climate change,

but she was also anxious to align Canada's policies for participation in the APP. End Comment.

¶16. (U) This cable was cleared by Under Secretary Dobriansky and CEQ Chairman Connaughton.

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